

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 IO-12 ADP-00 SSO-00 INRE-00 NSCE-00

USIE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02

H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03

RSC-01 AID-20 CIEP-02 SS-15 STR-08 TAR-02 TRSE-00

PRS-01 OMB-01 OIC-04 EUR-25 NEA-10 RSR-01 /190 W
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FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 0924

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY ADDIS ABABA

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DAKAR

AMEMBASSY DUBLIN

AMEMBASSY LAGOS

AMEMBASSY LUXEMBOURG

AMEMBASSY NIAMEY

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

C O N F I D E N T I A L LONDON 05165

E. O. 11652: XGDS

TAGS: ETRD, EEC, UK, US, XA

SUBJECT: UK POSITION ON PREFERENCES

REFS: (A) EC BRUSSELS 2031, (B) LONDON 3845,

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(C) LONDON 4621, (D) EC BRUSSELS 1817

1. ON MAY 2, WE REVIEWED THE PREFERENCES ISSUE WITH JOHN ROBINSON (ASSISTANT UNDER SECRETARY IN CHARGE OF EC MATTERS AT THE FCO). ROBINSON GAVE US AN AUTHORITATIVE ACCOUNT OF THE BRITISH POSITION. SINCE HE WAS SPEAKING FRANKLY ABOUT CERTAIN MATTERS WHICH HAVE NOT YET BEEN DISCUSSED BY THE EC PERMREPS OR THE COUNCIL, IT IS ESSENTIAL THAT ROBINSON SHOULD NOT BE CITED OUTSIDE THE US GOVERNMENT AS THE SOURCE OF THESE REMARKS.

2. ACCORDING TO ROBINSON, THE UK MAINTAINS THAT THE COMMUNITY SHOULD ASK FOR NO RECIPROCAL CONCESSIONS OF ANY KIND FROM THE YAOUNDE CONVENTION COUNTRIES AND THE COMMONWEALTH ASSOCIABLES. (THIS GOES SOMEWHAT BEYOND OPPOSITION TO REVERSE PREFERENCES, THE UK POSITION DESCRIBED IN REF C.) ROBINSON MADE IT CLEAR THAT HMG WILL FIGHT HARD FOR THIS POSITION IN THE UPCOMING INTRA- COMMUNITY DEBATES. AT THIS STAGE, HE IS CONFIDENT THAT THE FRENCH WILL EVENTUALLY CHANGE THEIR PRESENT LINE, AND THAT " AT THE END OF THE DAY," THE COMMUNITY AS A WHOLE WILL ADOPT A POSITION OF NON- RECIPROCITY. THE ISSUE MAY STILL BE OPEN, HOWEVER, WHEN THE NEGOTIATIONS BEGIN IN AUGUST.

3. ALTHOUGH THE BRITISH POSITION IS AT VARIANCE WITH THE EC COMMISSION' S FREE TRADE AREA APPROACH, ROBINSON NOTED THAT THE SOLE RATIONALE THAT THE COMMISSION GAVE FOR A FREE TRADE AREA IN ITS INITIAL REPORT (REF D) WAS THE NEED TO CONFORM TO GATT. FOR THIS REASON, ROBINSON SAID, THE COMMISSION POSITION IS IN A WAY A USEFUL ONE FROM THE UK' S POINT OF VIEW, SINCE IT CAN BE COMPLETELY UNDERMINED IF A SOLUTION TO THE GATT PROBLEM CAN BE FOUND. ROBINSON SAID THAT IT SHOULD BE POSSIBLE TO WORK OUT A GATT WAIVER ON THE BASIS OF ARTICLE XXIV OR ARTICLE XXV, IN THE SPIRIT OF PART IV. THE WAY TO DISPOSE OF THE FREE TRADE AREA APPROACH, ROBINSON SAID, IS TO DEMONSTRATE THAT A GATT WAIVER CAN BE OBTAINED.

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4. ROBINSON REITERATED THAT THE MAIN REASON WHY THE UK IS INSISTING ON NON- RECIPROCITY IS THE STRONG OPPOSITION THAT HAS BEEN EXPRESSED BY MOST OF THE COMMONWEALTH ASSOCIABLES AND A NUMBER OF YAOUNDE CONVENTION COUNTRIES AGAINST GRANTING RECIPROCAL CONCESSIONS TO THE EC. AN EC POLICY OF NON- RECIPROCITY WOULD BRING A MAXIMUM NUMBER OF LDC' S TO THE NEGOTIATING

TABLE. (SEE REF C).

5. WITH REGARD TO THE UK' S NEXT MOVES, ROBINSON SAID THAT THE BRITISH DO NOT INTEND TO LOBBY FOR THEIR POSITION OF NON- RECIPROCITY WITH THE PRESENT OR POTENTIAL LDC ASSOCIATES. HE NOTED THAT MANY OF THE AFRICAN COUNTRIES ARE OPPOSING REVERSE PREFERENCES FOR THEIR OWN REASONS, AND THE SITUATION IS THEREFORE ALREADY MOVING IN A FAVORABLE DIRECTION. IN THIS CONTEXT, THE QUESTION OF U. S. TACTICS ALSO AROSE. ROBINSON THINKS THAT A US INITIATIVE WITH THE LDC' S IS NOT NEEDED AT THIS TIME, COULD EVEN HAVE ADVERSE EFFECTS BY PROVOKING CHARGES OF US INTERFERENCE. AS FOR THE EC MEMBER STATES, ROBINSON SAID HE CONSIDERS IT ESSENTIAL THAT THEY SHOULD ALL HAVE A CLEAR UNDERSTANDING OF THE PROPOSALS THAT UNDER SECRETARY CASEY MADE AT THE MARCH 21-22 US- EC CONSULTATIONS, BUT HE HAD NO REASON TO BELIEVE THAT THEY DO NOT UNDERSTAND THESE PROPOSALS FULLY.

6. WITH REGARD TO THE MEDITERRANEAN, ROBINSON REITERATED THE UK POSITION ALONG FAMILIAR LINES. HE SAID THAT THE UK IS WILLING TO ENVISAGE RECIPROCAL FREE TRADE AREAS WITH SPAIN, CYPRUS, MALTA AND ISRAEL. HOWEVER, THE NON- EUROPEAN LDC' S IN THE AREA (FOR EXAMPLE, THE MAGHREB STATES, EGYPT, LEBANON) SHOULD NOT BE OBLIGED TO GRANT RECIPROCAL CONCESSIONS TO THE EC. ROBINSON THINKS THAT IT WOULD IN ANY CASE BE DIFFICULT TO CONCLUDE FREE TRADE AREAS WITH COUNTRIES LIKE MOROCCO AND TUNISIA, SINCE FRANCE AND ITALY WILL BE RELUCTANT TO MAKE THE CONCESSIONS ON AGRICULTURE THAT WOULD BE REQUIRED IN ORDER TO ENABLE THE AGREEMENTS TO COVER SUBSTANTIALLY ALL TRADE.

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7. ROBINSON SAID THAT THE GERMANS, DUTCH AND DANES HAVE TAKEN POSITION ON THE MEDITERRANEAN THAT ARE SIMILAR TO THE UK' S. HE SAID THAT THE LINEUP OF THE MEMBER STATES ON THE NEGOTIATIONS WITH THE YAOUNDE CONVENTION COUNTRIES AND COMMONWEALTH ASSOCIABLES IS LESS CLEAR. IT SHOULD BECOME CLEARER NEXT WEEK WHEN THE EC PERMREPS BEGIN TO DISCUSS THE COMMISSION' S INITIAL REPORT.

8. DEPARTMENT PLEASE REPEAT TO OTHER POSTS AS DESIRED.
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